



## **Envision Arlington Fiscal Resources Task Group Meeting Minutes**

Date: October 20, 2022  
Time: 7:30 - 9:20pm  
Location: FIRST FLOOR CONFERENCE ROOM - TOWN HALL ANNEX

### **Agenda**

#### **1. Welcome, Introductions, Announcements**

##### **Attendees:**

Gordon Jamieson (Co-Chair), Heather Remoff, Janet Pagliuca, Brian Hasbrouck, Jonathan Haughton,

The group congratulated Jonathan on his appointment to the Capital Planning Committee!

Heather made the group aware of the community pick your own (fruit trees) garden established by Harvest Home of Brattle street near the bike path and recommended that we stop by soon

#### **2. Town day review**

Town day was a huge success – Many thanks to all for their participation at our booth!

#### **3. Continuing business: Gov't primer - Financial projections – [ISD Articles - Leadership interviews not discussed]**

Gov't Primer: Gordon provided Jonathan with markup for revision that Jonathan will tackle for the group

Financial projections: Gordon provided the group with copies of the following:

Comptroller's recent EOY FY22 report to Select Board. [Click here to view or download the report.](#)

Copy of current version of five year plan (provided by S. Pooler)

Copy of past 'what if' version of five year plan from our spring meeting

Energetic discussion of the Comptroller's report ensued – Top line conclusion is the Town both spent less and had revenues greater than were anticipated – All around a very good thing

Discussion included past establishment and current tiered removal of the MWRA debt shift from the tax rate – Removal was designed to help cushion the tax burden imposed by the new high school project debt costs being applied to the tax rate – Water and sewer rates now reflect the full costs of providing those services to users.

Additional points of interest – Free cash (ca. \$16M) was \$5M+ greater than anticipated due to reduced spending and increased revenues – Gordon explained the mechanics how this change impacts the 5yr plan on a year to year basis – While a good thing, the impact is less than one might anticipate

Licenses and permits – Procedural changes in ISD appear to be paying off with building (and wire) permit receipts having a collection rate of ca. 200% (twice anticipated amount) – Group will be interested in seeing whether this increase is reflected in an increase in New Growth in the next FY's tax rate.

Despite these great numbers – Override will be required to support town/school services in FY25

#### **4. New business – None**

#### **5. Next meeting – November 17<sup>th</sup> 7:30PM - Town hall annex - First floor conference room**

## September 30, 2020

The plan does not include any projected revenues or expenditures from the Community Preservation Act						
Projected School Enrollment Growth FY 2023 - FY 2028						
	FY 2023**	FY 2024*	FY 2025*	FY 2026*	FY 2027*	FY 2028*
Actual/Proj. Annual Growth	(189)	150	90	0	0	0
** Actual Growth - FY23 50% PPC of \$14,601 = \$7,300 X EG						
* Projected Growth - FY2024 through FY2027 Based on 50% of FY21 DESE Per Pupil Cost of \$17,854 = \$8,927 X Enrollment Growth						

Long Range Financial Projection  
September 30, 2020

*** Override Stabilization Fund balance includes and addition of \$2.5 million from Overlay Surplus in FY2020	
I	<b>REVENUE</b>
<u>Explanation of Terms</u>	
A.	State Aid
State Aid as reported on the Cherry Sheets, including CH. 70 School Aid, Unrestricted General Government Aid (UGGA), and others. Assumption: 1% annual growth.	
	School Construction Aid
Reimbursement for school construction costs from an old state program. These payments ended in FY2021.	
B.	Local Receipts
Fees, Fines, Permits, Interest, Motor Vehicle Excise Taxes, etc. Assumption: usually increase by \$100,000 per year, but in FY24, increase by more to make up for losses caused by COVID.	
C.	Free Cash
Free Cash is equivalent to the prior year's operating surplus. Assumption: Half of the 10 year average Free Cash is allocated as a revenue source for the operating budget and the remainder is retained as a reserve.	
D.	Overlay Reserve Surplus
The Assessors annually release some of the reserve set aside to pay tax abatements (the Overlay). Assumption: In most years, \$200,000 is released to be used in operating budget. Some years a larger amount is released for revaluation expenses.	
E	Property Tax
Real estate and personal property taxes, as determined by the State law, Proposition 2 1/2 (annual increase of 2.5%, plus additions of new growth), plus amounts added for debt excluded from Prop. 2 1/2 by the voters, plus MWRA Debt shift.	
F	Override Stabilization Fund
The Override Stabilization Fund is used as an income source. In years of revenue surpluses, money is added, in years of deficits, money is withdrawn (see comparable item in Expenses below). Fund balance is reported in reserves section at bottom the sheet.	
<b>TOTAL REVENUES</b>	
Total General Fund Revenues.	
II	<b>APPROPRIATIONS</b>
A.	School Additions
Increases to School Department Budget as the result of the 2019 Override.	
	General Education Costs
Most of the costs of running the School Department. Assumption: A 3.5% increase in the sum of the previous year's General Education Costs plus cost increase due to in enrollment growth (Growth Factor, below).	
	Special Education Costs
Costs of providing Special Education services. Assumption: These costs are assumed to increase by 7% per year.	
	Growth Factor
An estimate of the increased operating costs the School Department incurs because of enrollment growth. Enrollment assumptions are presented at the bottom of LRP. It is assumed that each new student will cost 50% of State's Per Pupil Cost figure.	
<b>Net School Budget</b>	
The Total School Department Budget.	
<u>Minuteman</u>	
Assessments from the Minuteman Regional Technical and Vocational High School. Assumption: Each year the actual assessment is updated and future years are assumed to grow by 3.5%.	
	Town Personnel Services
Town employees salaries and wages. Assumption: Annual growth of 3.25%	
	Town Expenses
Town expenses, e.g., utilities, supplies, services, repairs, etc. Assumption: Annual growth of 3.25%	
	Enterprise Fund/Other
Offsets are amounts charged to the Water and Sewer Enterprise Fund for services provided to the Fund by Town employees. Assumption: Annual growth of 3.25%	
<b>Net Town Budget</b>	
Personnel Services plus Expenses, minus Offsets.	
MWRA Debt Shift	
State law allows the Town to decrease water and sewer rates and increase taxes by an amount representing all or part of the debt service assessed to the Town by the MWRA. Phased out in FY23.	
B.	Capital budget
	Exempt Debt Service
Debt service that has been excluded from the Prop. 2 1/2 limit and therefore is in addition to that limit. The exempt debt amount is included in the Property Tax calculation above and so income and expense are exactly matched.	
	Non-Exempt Service
Debt service (interest and principal) on items in the annual Capital Plan paid for with tax dollars.	
	Cash
Items in the annual Capital Plan paid for with cash.	
	Offsets/Capital Carry
Multiple sources, such as grants, other funds (e.g., rental income from cell phone towers on town property, the Ambulance Fund, etc.), and bond premiums used to purchase capital items.	
<b>Total Capital</b>	
Assumption: The Total of Non-Exempt Debt Service and Cash will equal 5% of the Town's Annual revenue.	
C.	Pensions
Annual assessment from the Arlington Retirement Board. Assumption: Annual increase of 6%.	
D.	Insurance
Health, property & liability insurance. Updated annually with new enrollment figures and insurance rates. Future costs include teacher staffing increases to meet increased student populations, plus 5.25% inflation.	
E.	State Assessments
Assessment from the State for various services, including MBTA, Charter School, and School Choice. Assumption: Annual increase of 2.5% (as mandated by Prop. 2 1/2). Some Cherry Sheet aid goes directly to departments and not	
F.	Overlay Reserve
Amount of tax revenue set aside by the Assessors to pay abatements and tax exemptions (for elderly, blind persons, etc.). Assumption: \$600,000 in non-revaluation years, and \$800,000 in revaluation years.	
G.	Reserve Fund
Reserve fund equals 1% of revenues. It is available for the Finance Committee to pay unanticipated and extraordinary costs, such as snow removal.	
H.	Court Judgments/Symmes
Each year \$100,000 is set aside to pay for lawsuit settlements. The rest of this item is to pay the debt on bonds the Town issued to acquire the Symmes property. Those bonds were paid off in FY2022.	
I.	Warrant Articles
Various warrant articles for boards, commission, town celebrations, and other items that are outside of the town, school, or capital budgets. Election costs vary each year depending on the number of elections.	
J.	Override Stabilization Fund
In years when the budget shows a revenue surplus, that surplus is appropriated to the Override Stabilization Fund.	
K.	<b>TOTAL APPROPRIATIONS</b>
The total of all items under II Appropriations.	
L.	<b>BALANCE</b>
The operating surplus or deficit for each year of the plan. For the current year, the number will always be zero, i.e., by law and Town policy, the final budget must be in balance.	
<b>Reserve Balances</b>	
	Free Cash
An amount roughly equivalent to the Town's operating surplus and fund balance that is certified annually by the State Department of Revenue.	
	Stabilization Fund
A fund established by Town Meeting to provide a long-term reserve. Assumption: Annual 2% growth, plus \$100,000 appropriation from Town Meeting.	
	Override Stabilization Fund
The Override Stabilization Fund was created as a result of the 2005 Prop. 2 1/2 override. The Town makes annual appropriations to the fund until the time in which it is necessary to make withdrawals for the purposes of balancing the general fund budget.	
	Municipal Bldg. Ins. Trust F
A reserve fund established to cover extraordinary losses from damage to Town property. The existence of the fund reduces the Town's annual property insurance costs, because it allows the Town to buy insurance policies with high deductibles.	
TOTAL: Total reserves.	
% of General Fund Revenue Total reserves as a percent of total revenue.	

	FY 2022	FY 2023	Change	Change	FY 2024		FY 2025		FY 2026		FY 2027
<b>I REVENUE</b>											
A. State Aid	23,529,766	24,923,804	1,394,038	5.92%	26,173,804		27,423,804		28,673,804		29,923,804
ARPA	0	5,000,000	5,000,000	-	5,000,000		0		0		0
B. Local Receipts	8,873,350	9,225,900	352,550	3.97%	10,078,450		10,578,450		11,078,450		11,578,450
C. Free Cash	5,659,184	5,539,215	(119,969)	-2.12%	5,500,000		5,500,000		5,500,000		5,500,000
D. Overlay Reserve Surplus	400,000	400,000	0	0.00%	400,000		200,000		200,000		200,000
E. Property Tax	143,148,226	149,250,283	5,752,057	4.02%	153,223,173		177,235,332		181,316,988		185,308,029
F. Override Stabilization Fund	6,248,581	3,373,854	(2,874,727)	-46.01%	8,690,158		14,711,280		1,250,000		1,250,000
<b>TOTAL REVENUES</b>	187,859,107	197,713,056	9,503,949	5.06%	209,065,585		235,648,866		228,019,242		233,760,283
<b>II APPROPRIATIONS</b>											
A. Operating Budgets	1,030,000	1,030,000									
General Education Costs	52,809,670	55,724,058	2,914,388	5.52%	57,312,461		59,665,950		62,003,590		64,173,716
Special Education Costs	26,264,964	28,103,511	1,838,547	7.00%	30,070,757		32,175,710		34,428,010		36,837,971
Growth Factor	0	(1,379,700)	(1,379,700)	-	335,800		240,900		0		21,900
<b>Net School Budget</b>	<b>80,104,634</b>	<b>84,447,869</b>	<b>4,343,235</b>	<b>5.42%</b>	<b>88,319,018</b>		<b>92,382,560</b>		<b>96,431,600</b>		<b>101,033,587</b>
Minuteman Operating & Capital	5,184,582	6,208,486	1,023,904	19.75%	6,425,783		6,650,685		6,883,459		7,124,380
Minuteman Exempt Capital	1,610,964	1,739,452	128,488	7.98%	1,739,452		1,739,452		1,739,452		1,739,452
Town Personnel	30,232,896	31,337,702	1,104,806	3.65%	32,356,177		33,407,753		34,493,505		35,614,544
Town Expenses	11,522,254	11,839,451	317,197	2.75%	12,224,233		12,621,521		13,031,720		13,455,251
<b>Less Offsets:</b>	<b>2,916,046</b>	<b>3,200,418</b>	<b>284,372</b>	<b>9.75%</b>	<b>3,304,432</b>		<b>3,411,826</b>		<b>3,522,710</b>		<b>3,637,198</b>
<b>Net Town Budget</b>	<b>38,839,104</b>	<b>39,976,735</b>	<b>1,137,631</b>	<b>2.93%</b>	<b>41,275,978</b>		<b>42,617,448</b>		<b>44,002,515</b>		<b>45,432,597</b>
MWRA Debt Shift	1,845,727	0	(1,845,727)	-100%	0		0		0		0
B. Capital budget											
Exempt Debt Service	8,689,591	12,129,702	3,440,111	39.59%	12,028,956		11,917,651		11,824,004		11,586,563
Non-Exempt Service	7,347,230	7,071,174	(276,056)	-3.76%	6,904,475		6,988,314		7,963,943		7,309,888
Cash	3,959,297	3,426,277	(533,020)	-13.46%	3,685,432		4,080,547		3,508,868		4,545,830
Offets/Capital Carry Forward	(1,692,329)	(677,260)	1,015,069	-59.98%	(402,736)		(382,797)		(339,496)		(291,485)
<b>Total Capital</b>	<b>18,303,789</b>	<b>21,949,893</b>	<b>3,646,104</b>	<b>19.92%</b>	<b>22,216,127</b>		<b>22,603,715</b>		<b>22,957,319</b>		<b>23,150,796</b>
C. Pensions	12,635,573	13,367,833	732,260	5.80%	14,103,064		14,878,733		15,697,063		16,560,401
D. Insurance	20,212,725	21,772,313	1,559,588	7.72%	22,986,258		24,245,519		25,518,409		26,863,206
E. State Assessments	3,694,772	3,859,291	164,519	4.45%	3,953,648		4,050,364		4,149,499		4,251,111
G. Overlay Reserve	691,296	600,000	(91,296)	-13.21%	600,000		800,000		600,000		600,000
H. Reserve Fund	1,720,145	1,753,178	33,033	1.92%	1,854,426		1,846,881		1,891,629		1,936,934
I. Crt Jdgmnts/Deficit/Symmes	667,450	100,000	(567,450)	-85.02%	100,000		100,000		100,000		100,000
J. Warrant Articles	1,054,291	1,388,006	333,715	31.65%	1,338,006		1,388,006		1,338,006		1,388,006
K. Override Stabilization Fund	1,094,055	0	(1,094,055)	-100%	0		0		0		0
<b>L TOTAL APPROPRIATIONS</b>	<b>187,659,107</b>	<b>197,163,056</b>	<b>9,503,949</b>	<b>5.06%</b>	<b>204,911,760</b>		<b>213,303,363</b>		<b>221,308,951</b>		<b>230,180,470</b>
<b>BALANCE</b>	<b>200,000</b>	<b>550,000</b>	<b>0</b>	<b>0</b>	<b>4,653,825</b>		<b>22,345,503</b>		<b>6,710,291</b>		<b>3,579,813</b>